

2015 Regular Session

SENATE BILL NO. 19

BY SENATOR MURRAY

LOCAL RETIREMENT. Provides relative to the Firefighters' Pension and Relief Fund in the city of New Orleans. (gov sig)

1 AN ACT
2 To amend and reenact R.S. 11:3361, 3375, 3384(A)(2) and (D)(2), 3385.1(A)(1), and
3 3386(B) and to enact R.S. 11:3370(H), 3370.1, 3370.2, 3384(A)(3) and (D)(3), and
4 3386(C), relative to the Firefighters' Pension and Relief Fund in the city of New
5 Orleans; to provide relative to legislative action regarding such fund; to provide
6 relative to the date by which annual reports are due; to provide relative to
7 investments of the fund; to establish the Firefighters' Pension Fund Committee and
8 to provide with respect thereto; to establish minimum retirement ages for certain new
9 hires; to provide with respect to maintenance of certain member accounts within the
10 fund; and to provide for related matters.

11 Notice of intention to introduce this Act has been published.

12 Be it enacted by the Legislature of Louisiana:

13 Section 1. R.S. 11:3361, 3375, 3384(A)(2) and (D)(2), 3385.1(A)(1), and 3386(B)
14 are hereby amended and reenacted and R.S. 11:3370(H), 3370.1, 3370.2, 3384(A)(3) and
15 (D)(3), and 3386(C) are hereby enacted to read as follows:

16 §3361. Creation of Firefighters' Pension and Relief Fund; contributions by city
17 A. A pension and relief fund for firefighters in the city of New Orleans is

1 created. For the purpose of augmenting the fund, the city shall pay into the fund
 2 annually one percent of the revenues derived from all licenses issued by the city,
 3 except the drivers and chauffeurs licenses, and an annual appropriation in the budget
 4 of the city of a sum equal to not less than five percent of the money annually
 5 appropriated by the city for the operation and maintenance of the fire department of
 6 the city. The latter appropriation, within the limits prescribed, shall be determined
 7 by the council each year in making up its annual budget. The appropriation and
 8 donations by the city aforesaid shall be set apart by the treasurer of the city and paid
 9 over to the board of trustees of the Firefighters' Pension and Relief Fund as the
 10 annual contribution of the city to the fund. The word "firefighter" as designated in
 11 this Part is defined as any individual employed by the fire department of the city of
 12 New Orleans who is actively engaged in the extinguishing of fires. Notwithstanding
 13 any provision of this Part to the contrary, any uniformed member of the fire
 14 suppression division of the fire department of the city of New Orleans, who occupied
 15 the position of firefighter in the classified civil service of the city of New Orleans for
 16 at least ten years, and who, because of physical disability, selects to transfer from the
 17 fire suppression division to the fire administration division of the fire department of
 18 the city of New Orleans, may continue to participate in the pension and relief fund
 19 for firefighters in the city of New Orleans, unless the board determines that such
 20 continued employment is detrimental to the health and safety of other employees.

21 **B. Notwithstanding any provision of law to the contrary, a change to any**
 22 **provision of this Part may be enacted by the legislature only after approval by**
 23 **a majority vote of the fund's board of trustees and by the New Orleans City**
 24 **Council.**

25 * * *
 26 §3370. Investment of fund; permanent fund
 27 * * *

28 **H. The fund's investment policy may only be changed by a two-thirds**
 29 **vote of the board of trustees.**

1 §3370.1. Incurrence of debt prohibited

2 A. The board of trustees shall not issue debt instruments.

3 B. The board of trustees shall not invest proceeds of a debt obligation.

4 §3370.2. Investment advisory committee

5 A. There is hereby established the New Orleans Firefighters' Pension
6 Fund Investment Advisory Committee, to be composed of five members. Each
7 member of the committee shall have investment expertise.

8 B. The committee shall advise the board of trustees of the fund on
9 investment policy and decisions.

10 C. Notwithstanding any provision of law to the contrary, members of the
11 committee created pursuant to the provisions of this Section shall not be
12 fiduciaries of the fund.

13 * * *

14 §3375. Report to council; appropriation by council to make good deficit

15 The board shall make report to the council of the city of New Orleans
16 showing the condition of the pension fund on the ~~first~~ **thirty-first** day of January of
17 each year. If at any time there is not sufficient money in the fund to pay each person
18 entitled to the benefits thereof the full amount, then the council of the city of New
19 Orleans shall appropriate and pay into the fund an amount sufficient to make good
20 the deficit, and the fund shall be thus replenished to warrant the payment in full of
21 each beneficiary.

22 * * *

23 §3384. Firefighters employed after December 31, 1967; computation of benefits

24 A.

25 * * *

26 (2) Any firefighter who enters the employ of the fire department on or after
27 January 1, 2015, **and on or before December 31, 2015,** who has reached the age of
28 fifty-two years, who has not less than twelve years of service in the fire department,
29 and who is a contributing member of this system may retire upon his written

1 application to the board setting forth at what time he desires to be retired, if at the
2 time so specified for his retirement he meets the requirements as provided in this
3 Section.

4 (3) Any firefighter who enters the employ of the fire department on or
5 after January 1, 2016, who has reached the age of fifty-three, who has not less
6 than twelve years of service in the fire department, and who is a contributing
7 member of this system may retire upon his written application to the board
8 setting forth at what time he desires to be retired, if at the time so specified for
9 his retirement he meets the requirements as provided in this Section.

10 * * *

11 D.

12 * * *

13 (2) Any member who enters the employ of the fire department on or after
14 January 1, 2015, and on or before December 31, 2015, whose withdrawal from
15 service occurs prior to the attainment of fifty-two years of age and who shall at such
16 time have completed at least twelve years of creditable service shall remain a
17 member of the retirement system, and in such case said member shall receive a
18 service retirement beginning when he attains fifty-two years of age.

19 (3) Any member who enters the employ of the fire department on or
20 after January 1, 2016, whose withdrawal from service occurs prior to the
21 attainment of fifty-three years of age and who shall at such time have completed
22 at least twelve years of creditable service shall remain a member of the
23 retirement system, and in such case said member shall receive a service
24 retirement beginning when he attains fifty-three years of age.

25 * * *

26 §3385.1. Deferred Retirement Option Plan

27 A.(1)(a) As used in this Section, for any firefighter employed on or before
28 December 31, 2015, the term "DROP account" shall mean the notional account
29 maintained and reconciled for recordkeeping purposes under the Deferred

1 Retirement Option Plan as an ancillary payment option.

2 (b) As used in this Section, for any firefighter employed on or after
3 January 1, 2016, the term "DROP account" shall mean an account maintained
4 independently of the fund's general trust assets.

5 * * *

6 §3386. Vested rights and benefits

7 * * *

8 B. Any member who enters the employ of the fire department on or after
9 January 1, 2015, and on or before December 31, 2015, whose withdrawal from
10 service occurs prior to the attainment of fifty-two years of age and who shall at such
11 time have completed at least twelve years but less than twenty years of creditable
12 service shall remain a member of the pension and relief fund, and, in such a case,
13 said member shall receive a service retirement benefit beginning when he attains
14 fifty-two years of age, provided such member has not withdrawn his accumulated
15 contributions. The retirement benefit to be paid shall be two and one-half percent
16 of average compensation during the best year of service preceding the date of
17 withdrawal from service for each year of credited service. If the member dies after
18 withdrawal from service but prior to attaining age fifty-two but having twelve years
19 credited service, his widow, child or children, or estate, as applicable, shall be
20 entitled to receive his accumulated contributions in a lump sum with interest credited
21 thereto. If the member receiving benefits under this Subsection dies, his surviving
22 widow shall receive the minimum benefit as set forth in R.S. 11:3383. If the member
23 receiving benefits under this Subsection dies leaving a widow and children under the
24 age of eighteen, then the widow and children under eighteen years of age shall
25 receive the minimum benefit as set forth in R.S. 11:3383 equally divided between
26 them. When the children of the member attain the age of eighteen or become
27 married while receiving benefits under this Subsection, the benefits they are
28 receiving shall be paid to the widow of the member.

29 C. Any member who enters the employ of the fire department on or

1 after January 1, 2016, whose withdrawal from service occurs prior to the
2 attainment of fifty-three years of age and who shall at such time have completed
3 at least twelve years but less than twenty years of creditable service shall remain
4 a member of the pension and relief fund, and, in such a case, said member shall
5 receive a service retirement benefit beginning when he attains fifty-three years
6 of age, provided such member has not withdrawn his accumulated
7 contributions. The retirement benefit to be paid shall be two and one-half
8 percent of average compensation during the best year of service preceding the
9 date of withdrawal from service for each year of credited service. If the
10 member dies after withdrawal from service but prior to attaining age fifty-three
11 but having twelve years credited service, his widow, child or children, or estate,
12 as applicable, shall be entitled to receive his accumulated contributions in a
13 lump sum with interest credited thereto. If the member receiving benefits
14 under this Subsection dies, his surviving widow shall receive the minimum
15 benefit as set forth in R.S. 11:3383. If the member receiving benefits under this
16 Subsection dies leaving a widow and children under the age of eighteen, then the
17 widow and children under eighteen years of age shall receive the minimum
18 benefit as set forth in R.S. 11:3383 equally divided between them. When the
19 children of the member attain the age of eighteen or become married while
20 receiving benefits under this Subsection, the benefits they are receiving shall be
21 paid to the widow of the member.

22 Section 2. This Act shall become effective upon signature by the governor or, if not
23 signed by the governor, upon expiration of the time for bills to become law without signature
24 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
25 vetoed by the governor and subsequently approved by the legislature, this Act shall become
26 effective on the day following such approval.

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Jerry J. Guillot.

DIGEST

SB 19 Original

2015 Regular Session

Murray

Present law, relative to the Firefighters' Pension and Relief Fund in the city of New Orleans (NOFF)(R.S. 11:3361 et seq.) establishes NOFF and provides for its governance, funding, and benefits for its members.

Proposed law provides that any changes to the laws that govern NOFF shall become effective only after approval by a majority vote of the fund's board of trustees and the New Orleans City Council.

Proposed law provides that the policy that governs the board's investment decisions may be altered only by a two-thirds vote of the board of trustees.

Proposed law prohibits the board of trustees of the fund from investing the proceeds of a debt obligation and from issuing debt instruments.

Present law vests the board of trustees of the fund with exclusive control and management of the fund and authority to invest the assets of the fund.

Proposed law retains present law.

Proposed law establishes the New Orleans Firefighters' Pension Fund Investment Advisory Committee, composed of five members with investment expertise, to advise the board on investment policy and decisions. Prohibits such committee members from being fiduciaries of the fund.

Present law requires the board of trustees to report to the New Orleans City Council annually on the condition of the pension fund. Requires such report by Jan. 1 of each year. Proposed law changes the annual date by which such report is due from Jan. 1 to Jan 31.

Present law provides for retirement of firefighters employed by the city on or after Jan. 1, 2015, at 52 years of age with at least 12 years of service.

Proposed law retains present law for firefighters employed on or before Dec. 31, 2015. Provides that for firefighters employed on or after Jan. 1, 2016, such members are eligible for retirement at age 53 with at least 12 years of service.

Present law provides for a deferred retirement benefit for firefighters employed by the city on or after Jan. 1, 2015. Authorizes any such member who withdraws from service prior to the age of 52 who has at least 12 years of service credit to leave his contributions with the system and begin receiving a retirement check upon attainment of age 52.

Proposed law retains present law for firefighters employed prior to Dec. 31, 2015.

Proposed law provides a deferred retirement benefit for firefighters employed on or after Jan. 1, 2016. Authorizes any such member who withdraws from service prior to the age of 53 who has at least 12 years of service credit to leave his contributions with the system and begin receiving a retirement check upon attainment of age 53.

Present law provides relative to the Deferred Retirement Option Plan (DROP) within NOFF. Provides that for the purposes of NOFF law, the term "DROP account" means a notional account maintained and reconciled for recordkeeping purposes under such plan as an ancillary payment option.

Proposed law retains present law for any firefighter employed prior to Jan. 1, 2016.

Proposed law further provides that for any firefighter employed on or after Jan. 1, 2016, the term "DROP account" shall mean an account maintained independently of the NOFF general trust assets.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 11:3361, 3375, 3384(A)(2) and (D)(2), 3385.1(A)(1), and 3386(B); adds R.S. 11:3370(H), 3370.1, 3370.2, 3384(A)(3) and (D)(3), and 3386(C))